

BEST NEWSLETTER

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BEST Homepage: www.afpc.randolph.af.mil/dpc/best/menu.htm

EBIS: www.afpc.randolph.af.mil/dpc/BEST_GRB/EBIS.htm

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New TSP Lifecycle Funds Now Available!

The new Thrift Savings Plan (TSP) lifecycle (L) funds may be "just what the doctor ordered" for most participants – perhaps even more so for those who do not have the time or knowledge to manage their accounts.

What are the L Funds? Well, they're not really new funds. Instead, they are "target asset allocation funds." There are five L Funds. Each contains a mix of various percentages of the Government Securities Investment (G) Fund, Fixed Income Index Investment (F) Fund, Common Stock Index Investment (C) Fund, Small Capitalization Stock Index Investment (S) Fund, and International Stock Index Investment (I) Fund. The investment mix is professionally determined based on a participant's target "time horizon," i.e., the expected date of withdrawal of funds from the TSP account.

The five L Funds are the L 2040, L 2030, L 2020, L 2010, and L Income. Typically, participants who wish to begin withdrawing their funds beginning 2035 or later will select the L 2040. Those who plan to withdraw beginning 2025 through 2034 will select the L 2030; beginning 2015 through 2024, the L 2020; 2008 through 2014, the L 2010, and those who plan to withdraw beginning sooner than 2008 or who are already receiving monthly payments, the L Income.

As the withdrawal date approaches, the L Fund's investment mix automatically becomes more conservative (i.e., less risky). Participants who select lifecycle funds do not need to reallocate their account assets to achieve this result; the lifecycle investment models automatically reallocate the accounts for them.

The objective of the L Funds is to provide the highest possible rate of return for the amount of risk taken. However, investing in the L Funds is not a guarantee against loss and does not eliminate risk. The L Funds are subject to the risks inherent in the underlying funds, and can have periods of gain and loss.

You can invest in an L Fund by (1) changing your current contribution allocation (how future contributions are invested); and (2) by completing an interfund transfer to move your existing account balance into the selected L Fund.

Contribution allocations and interfund transfers are made directly via the TSP website at www.tsp.gov (under Account Access), or the automated ThriftLine: 1-877-968-3778 (toll-free), or 1-404-233-4400 if located outside the United States and Canada (not toll-free). These transactions can be submitted at any time. There are no extra fees or expenses associated with investment in the L Funds.

Please take time to review the wealth of information on the L Funds that is available on the TSP website. In addition, the TSP will be mailing each participant a specially-made DVD that explains the details of the new L Funds, so remember to check your mailbox. Participants should carefully review all information before making a decision.

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LIFE INSURANCE

FEGLI 2004 Open Season Elections Take Effect

Did you elect coverage during the last Federal Employees Group Life Insurance (FEGLI) open season in 2004 (1 – 30 Sep)? If so, newly elected coverage becomes effective on the first day of the first full pay period that begins on or after 1 Sep 05, and that **follows** a pay period in which you meet the pay and duty status requirements. For most Air Force-serviced employees, the effective date will be 4 Sep 05 and payroll deductions will be reflected on your 23 Sep 05 Leave and Earnings Statement (LES).

Pay and duty status means you must be at work in a pay status for a certain number of hours during the pay period **prior** to the coverage effective date. Full-time employees must be in a pay and duty status for at least 32 hours during the pay period **before** the coverage takes effect. A part-time employee must be in a pay and duty status for one-half of the regularly-scheduled tour of duty shown on his/her current SF 50 (Notification of Personnel Action) during the pay period **before** the one in which the coverage takes effect. An intermittent employee or an employee without a regularly-scheduled tour of duty must be in pay and duty status for one-half of the hours customarily worked in a pay period during the pay period **before** the coverage takes effect. If you do not meet these requirements, your open season election will not take effect until you return to duty and meet the requirements. This includes employees who take 2 weeks vacation during the pay period immediately prior to 4 Sep 05.

If you meet the pay and duty status requirements, the personnel data system will automatically generate an SF 50 documenting your FEGLI transaction. The system will automatically file both the SF 50 and the FE-2004 open season election form in your electronic Official Personnel Folder.

Some unusual situations Air-Force-serviced employees may face:

- The FEGLI 2004 open season election was submitted while working for another agency. Contact a BEST benefits counselor if the election does not take effect.
- Submitted an open season election and are on LWOP-US status (for active military duty). We will hold your election until you return to duty. The coverage will become effective after you return to civilian duty and meet the pay and duty status requirements described above.
- Resigned from employment after submitting a FEGLI 2004 open season election. If you returned to Federal service with a break in service of less than 180 days, the new coverage will be processed when pay and duty status requirements are met. If your break in service is 180 days or more and you return to Federal service *on/before* 4 Sep 05, you may make a new FEGLI election on return to employment. The new election takes precedence over the open season election. If you don't make a new election, the coverage in effect at separation will be reinstated, including the open season election when pay and duty status requirements are met. If your break in service is 180 days or more and you return to Federal service *after* 4 Sep 05, the FEGLI open season election cannot be processed. You will have a chance to make a new FEGLI election on return to service and if you do that coverage will take effect. If a new election is not made, the coverage in effect when you separated will be reinstated.

Premiums for the new FEGLI coverage begin with the effective date. If effective 4 Sep 05, the coverage and payroll deductions will be reflected on your 23 Sep 05 LES. You should review your LES to ensure your election and payroll deductions begin. If you notice a problem, please contact a benefits counselor right away for assistance. Call the BEST phone number in the heading on page 1, press 2, then 2 again, and follow the prompts. When the benefits main menu is voiced, press 4 for Federal Employees Group Life Insurance, then zero to transfer to a counselor. Counselors are available weekdays, 7 am to 6 pm Central Time.

This is also a good time to review your beneficiary information and make any necessary changes.

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SYSTEM ENHANCEMENTS

Employee Benefits Information System (EBIS) Update Retirement Estimate Feature

EBIS is the BEST automated web system through which Air Force-serviced civilian employees may make health, life and Thrift Savings Plan elections, obtain retirement estimates, a personal benefits summary, as well as other benefits information.

EBIS has been updated to make available, under the "Calculators" icon, an "Advanced Retirement Estimate" feature that gives you the following abilities:

- Edit an estimate before it is saved
- Save an estimate and view it later/delete saved estimates
- Obtain a "printer friendly" version of the estimate
- Select a survivor benefit for your spouse (or no benefit). The amount of the reduction of your annuity as well as the survivor benefit amount show in the estimate.
- Show the amount your monthly annuity will decrease for health and life insurance and Federal income tax (based on current dollars), if you select those options while working the estimator.
- Automatically load your high-3 average salary into the retirement estimator (if you used the High-3 Average Salary calculator to compute the estimated high-3, and then saved it)
- FERS transferees with a CSRS component. Click on the "My Profile" icon, then on "Enter My FERS Transferee Information." Enter your sick leave balance as of the date you transferred to FERS. When you compute an advanced retirement estimate, the system will automatically select the correct amount of sick leave to apply to your CSRS component. (The sick leave balance should be on the SF 50 that effected your change to the FERS retirement system.)

As always, the retirement estimators available in EBIS and the BEST automated phone system normally produce a reliable estimate based on data from your personnel records and certain system assumptions. The system assumes all time in your service computation date (SCD) is creditable for retirement eligibility and annuity computation purposes. Unfortunately, that may not be true for all employees. If you have non-appropriated fund (NAF) service, refunded service, temporary service, part-time service, or military service after 1956 for which you have not made a deposit, the first eligibility date and/or estimate will not be accurate. If any of these conditions apply to you, please contact a BEST benefits counselor to discuss the estimate. (Exception: Employees who receive [limited services](#) from BEST will need to contact their local Civilian Personnel Office to discuss the estimate or obtain other retirement-related information.)

Another EBIS enhancement due soon concerns adding the Lifecycle (L) Fund balance to "Enter My TSP Account Balance" (under the "My Profile" icon). When the enhancement is complete, your L Fund balance will be retrieved when you click on the "Get Fund Balance" button and then also appear in the TSP section of the Personal Statement of Benefits.

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RETIREMENT

Full Service Employees

Annual Basic Pay for Retirement Purposes

We've received several questions from employees on the types of annual pay that are considered basic pay for purposes of computing the high-3 average salary and retirement annuity of Federal appropriated fund civilians.

Annual basic pay is the amount of pay based on the rate fixed by law or administrative action for the position held by an employee. The following list, while not all inclusive, provides most of the types of additional pay that are included in annual basic pay, if actually received.

- Locality-based comparability pay under 5 U.S.C. 5304
- Environmental differential and night pay for wage employees
- Premium pay for firefighters under 5 U.S.C. 5545b
- Availability pay (LEAP) for criminal investigators under 5 U.S.C. 5545a
- Premium pay for standby time under 5 U.S.C. 5545(c)(1)
- Premium pay for law enforcement officers as authorized by 5 U.S.C. 5545(c)(2)
- Physicians' comparability allowance (is basic pay for retirement deductions, but phased in for high-3 salary computations)

The following types of pay are **not** included in annual basic pay for retirement purposes:

- Awards, bonuses, and allowances (includes danger pay)
- Overtime (other than that described above)
- Holiday and military pay
- Sunday pay
- Workers' compensation payments
- Severance pay
- Supervisory differentials
- Night differentials for GS and GM employees
- Recruitment and retention bonuses
- Voluntary separation incentive pay (VSIP)

The Office of Personnel Management (OPM) recently terminated the Special Pay Rates received by some employees under 5 U.S.C. 5304 because the locality pay amount was larger. The entire amount of locality pay is creditable for retirement annuity and high-3 average salary computations.

References: 5 U.S.C. 8331(3), 5 U.S.C. 8401(4)

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Calendar of Events

Federal Employees Health Benefits Open Season - 14 Nov-12 Dec 05

Flexible Spending Account Open Season – 14 Nov-12 Dec 05

TSP Catch-Up Contribution Enrollment for Calendar Year 2006 – available beginning 11 Dec 05

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